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NAVAL SUPPLY SYSTEMS COMMAND

NAVAL OPERATIONAL LOGISTICS SUPPORT CENTER

Naval Operational Logistics Support Center - Petroleum

LT Donovan Coffey, SC, USN

Agenda

- NOLSC Petroleum Organization
- Mission
- NOLSC Petroleum Divisions
  - *Petroleum Systems*
  - *Facilities Engineering*
  - *Fuel Management*
- Transformation
- Questions

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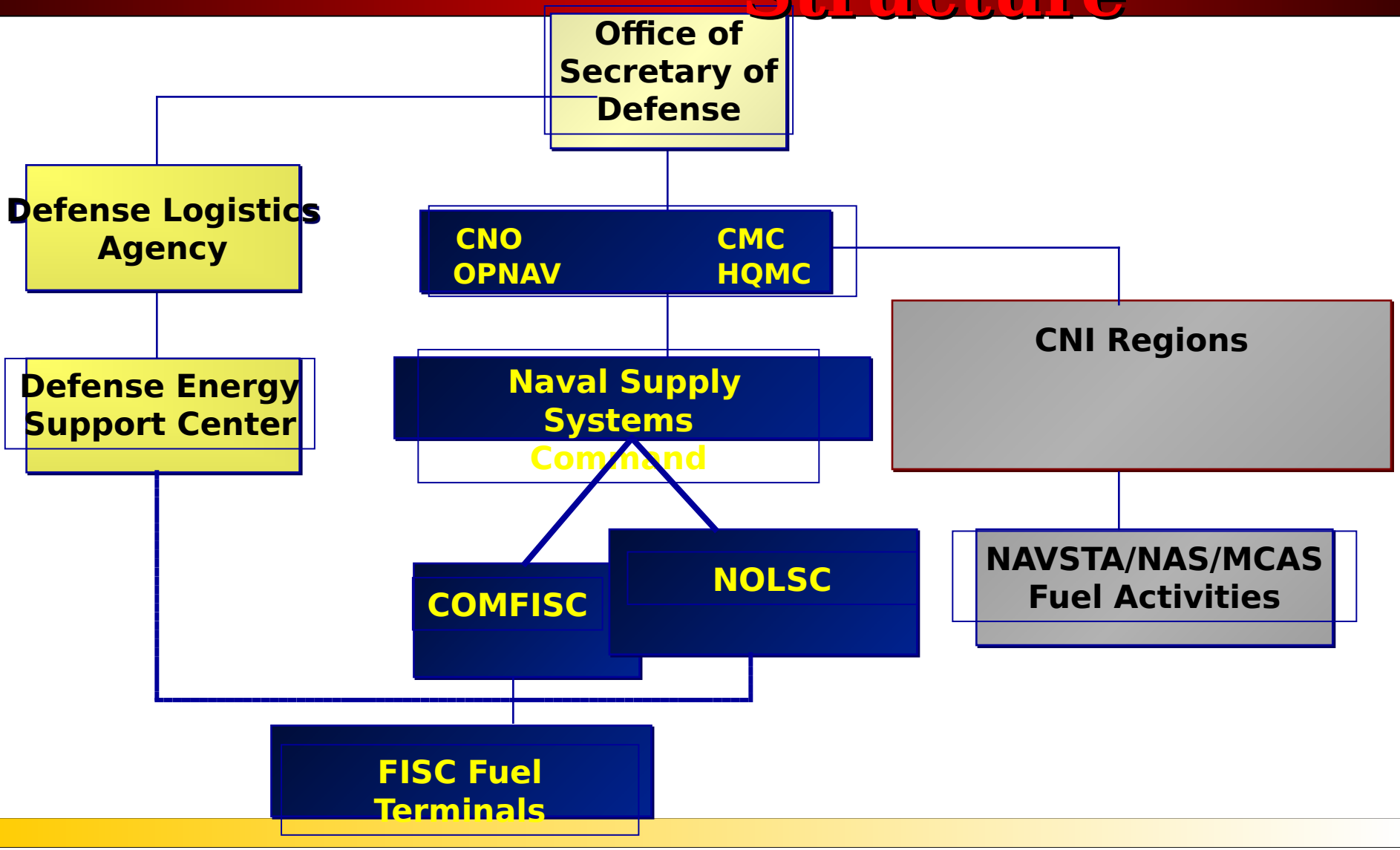
Organizational Structure



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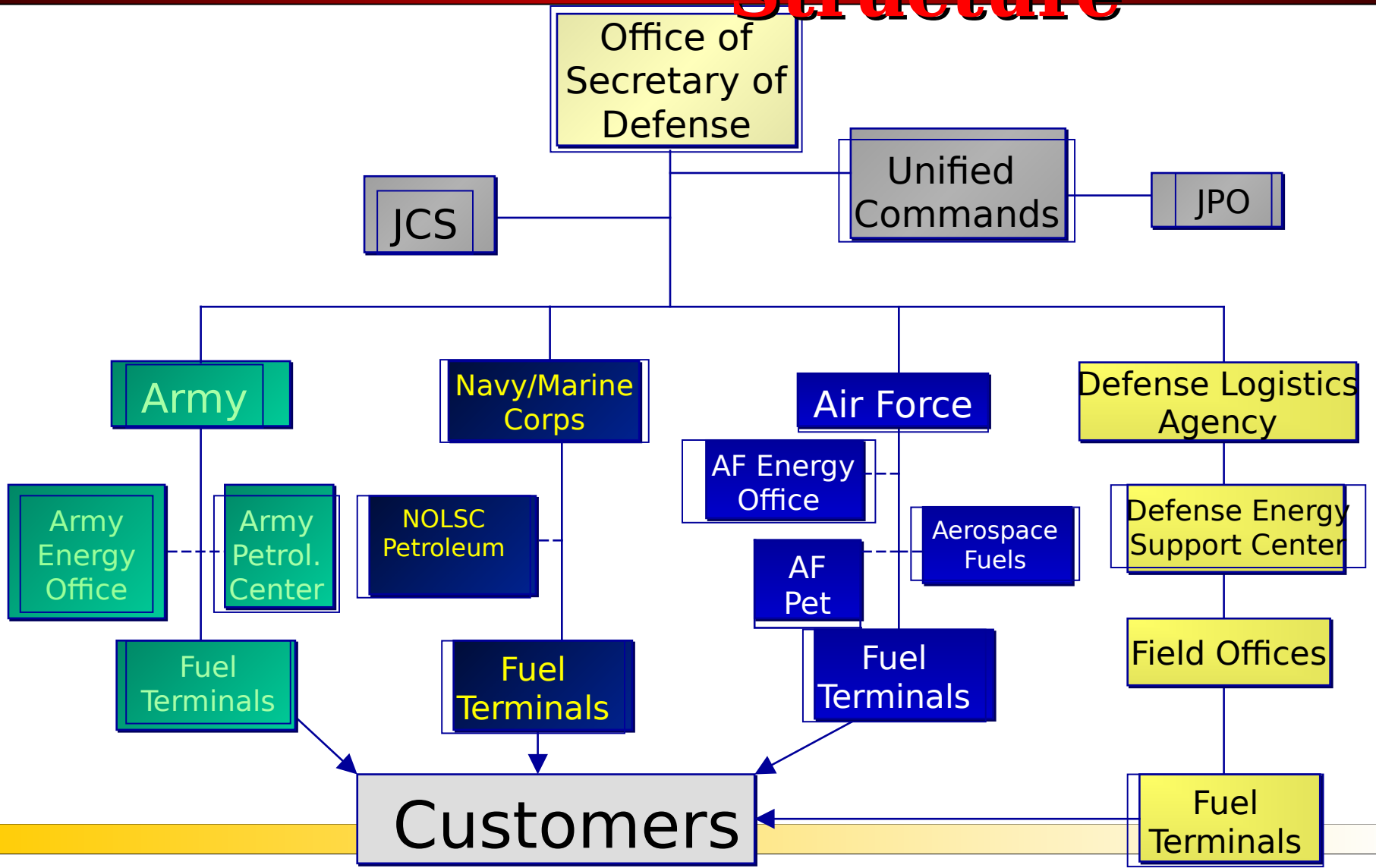
Organizational Structure



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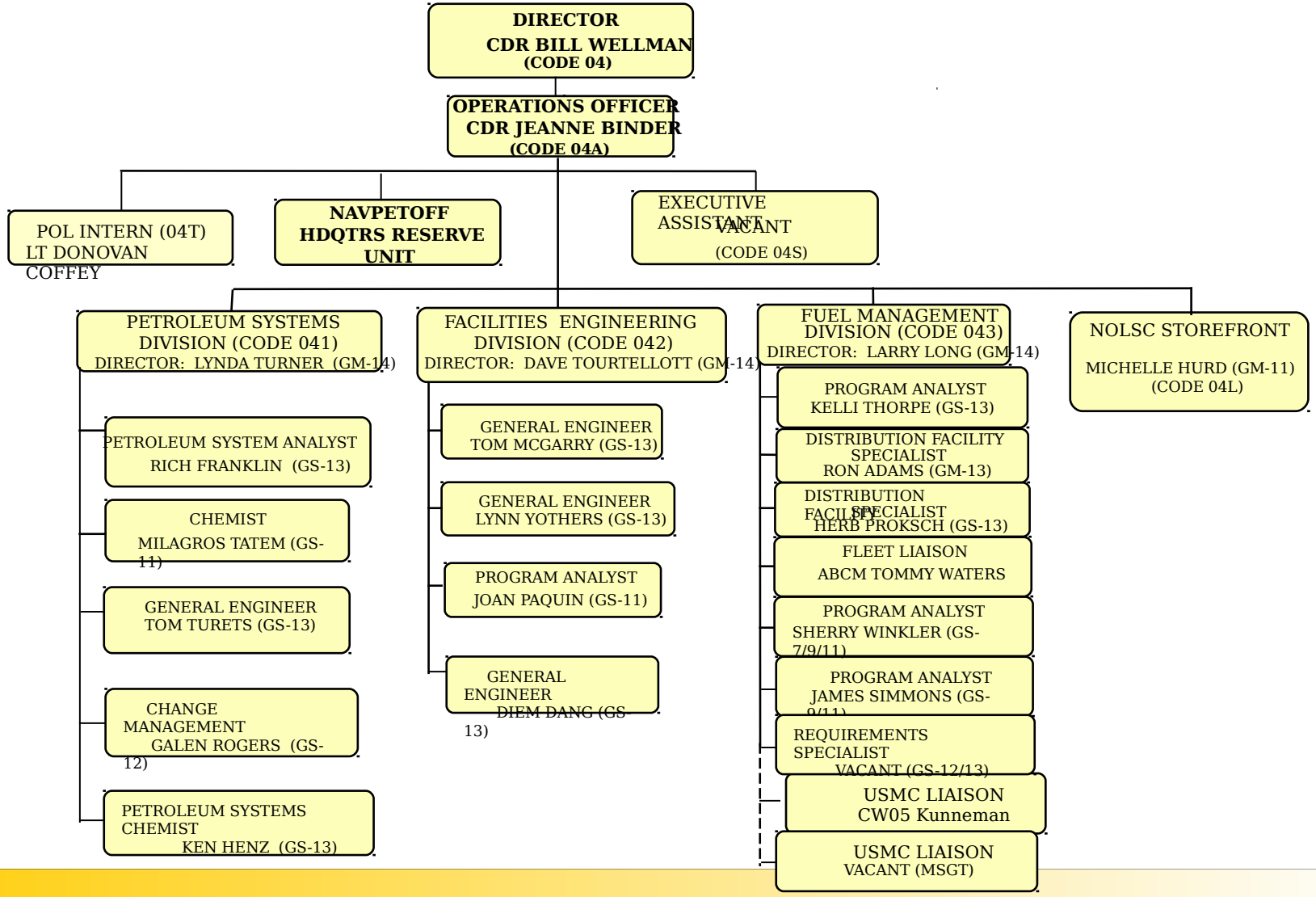
NOLSC Petroleum Organizational Structure



NOLSC PETROLEUM

WHO WE ARE

- 20 personnel with extensive petroleum management experience
- War Fighters' POC for all petroleum requirements issues
- Technical experts on petroleum quality, chemistry and facilities
- Budget of $2 million

Service Control Point

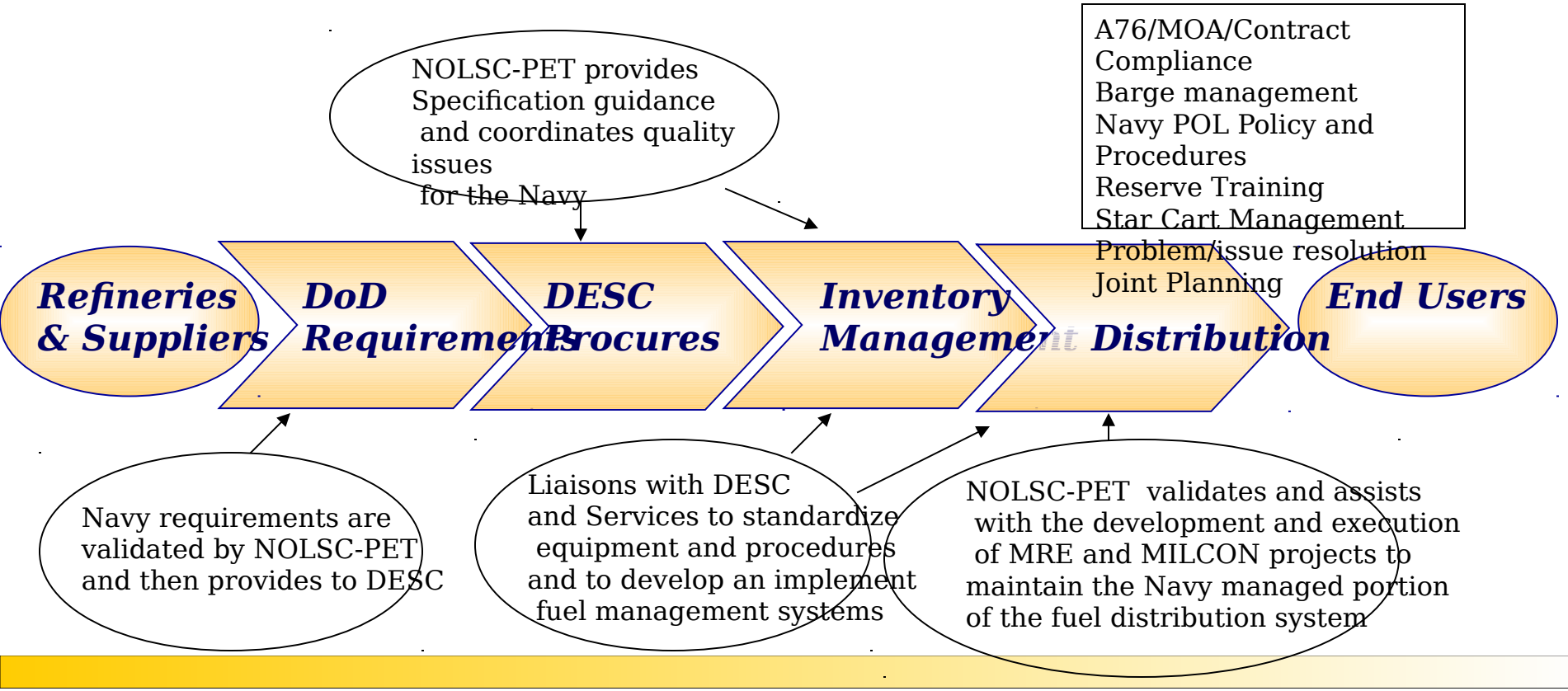
- Service Control Point is required by DoD 4140.25M and OPNAV 11010.20 to review, validate and prioritize facilities projects.
- Service Control Point is required to submit requirements by DoD 4140.25M
- Location with DESC critical to success

Mission

To act as the logistics integrator and supply chain manager for all Navy and Marine Corps Petroleum products in the Department of the Navy (DON) and to perform such other functions and tasks as may be directed by higher authority

The Bulk POL Value Stream

The set of activities performed to get bulk POL from the refinery/supplier to the end user


NOLSC-PET provides Specification guidance and coordinates quality issues for the Navy
A76/MOA/Contract Compliance
Barge management
Navy POL Policy and Procedures
Reserve Training
Star Cart Management
Problem/issue resolution
Joint Planning
Refineries & Suppliers
DoD Requirements
DESC Procures
Inventory Management
Distribution
End Users
Navy requirements are validated by NOLSC-PET and then provides to DESC
Liaisons with DESC and Services to standardize equipment and procedures and to develop an implement fuel management systems
NOLSC-PET validates and assists with the development and execution of MRE and MILCON projects to maintain the Navy managed portion of the fuel distribution system

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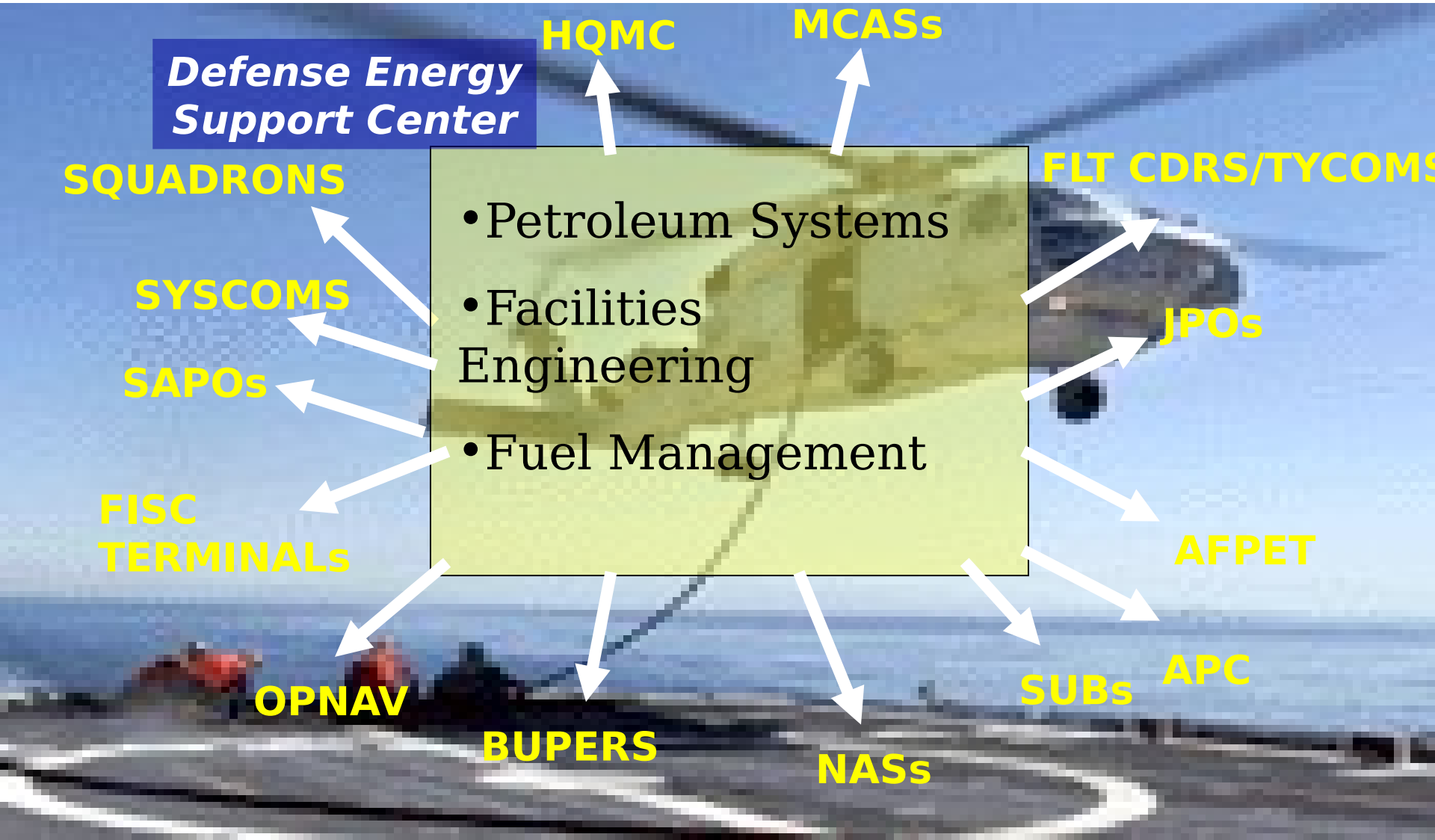
NOLSC PETROLEUM DIVISIONS



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Petroleum Systems Division

- **Integration of New Technology**
- **Quality Surveillance**
- **Naval Fuels & Lubricants IPT**
- **Naval FAS Program Management**
- **Petroleum Capitalization**

Current Issues

- **EPA Non-Road Diesel Final Rule (OMB 5 Mar 04 draft)**
- **EU Directive 199/32/EU**
- **Capitalization Afloat Quality Policy issues – Downgrade policies**

Petroleum Systems Division

MIL-SPEC Fuel & Lubricant Waivers

- Rapid response to handle DLA waiver requests for procurement of POL products not meeting Navy MIL-SPECS
- Requests are reviewed to determine operational risk assessment of the off-specification property

Petroleum Systems Division

Acceptance of procurement quality deviations provided DoD savings for 2002:

- Reduction in JP-5 downgrades – $2.5 million
- Reduction in procurement costs – $4.8 million
- Overall reduction in fuels costs to Navy and Marine Corps flying hours program - $7.3 million

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Petroleum Systems Mission

To provide the Navy and Marine Corps with the technical solutions, knowledge, and skills necessary to make timely and cost effective operational and policy decisions in the procurement, transportation, storage, delivery, and use of fuels and lubricants.

Vision: The source for Naval F&L technical solutions.

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Naval Fuels & Lubricants IPT

- **Chartered Sept 00**
  - ***Flag Officer support (NAVSUP, NAVAIR, NAVSEA, USMC, ONR)***
- **Significantly improves Warfighter support**
- **SECNAV Instruction/Authority in progress**

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Petroleum Systems Division

- NOLSC Petroleum has played an integral part in the DESC transition from DFAMS to Enterprise Fuels Automated System (FAS) as their required accounting system.
- NOLSC Petroleum's success in the implementation of FAS has allowed almost complete elimination of BP38 inventories ashore

Capitalization Ashor

Conversion of Fuel Inventories from Navy's Working Capital Fund (BP38)

Navy Phased Capitalization Approach

- *Phase I: Bulk inventories at intermediate Marine Terminals-completed*
- *Phase IIA/B: Bulk inventories of Aviation/Marine Diesel Fuel at FISCs/NASs/Naval Activities-completed*

- Conversion of Naval activities to Enterprise Fuels Automated System (FAS)

- Current Capitalization Efforts:
  - *Afloat inventories*
  - *Public Works Centers*
  - *Ground fuel at some Marine Corps bases*

Capitalization Afloat

- **Transferred approx. $120M Fuel from NWCF (BP38) to DWCF.**
- **Phased approach includes:**
  - ***Transitioned of all oilers (23) as of 1 Sep 2003***
  - ***Transitioning remaining BP38 afloat sites (24) by end of 2004***
- **Beta Test on USNS TIPPECANOE a success story with $66M in throughput transactions**
- **Lessons learned resulted in several changes for business processes and SALTS conversion program to allow for more accurate processing**
- **Plan Ahead:**
  - ***Finalize MOA (for Oilers) and Procedures***
  - ***Begin transitioning CV/CVNs and L-Decks 1 Jul 04***
  - ***Finalize business processes required for transition of CV/CVNs and L-Decks.***

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Facilities Engineering Division

- **Fuel Facility Management/Design Review**
  - MRE
  - MILCON
- **Facilitate POL automation system (AFHE, ATG, AFSS) installation at Naval activities**
- **Fuel Reclamation Program**
- **Barge Overhaul Program**
- **Real Estate Management**
- **Environmental**

Engineering Division

- NOLSC Petroleum has been a crucial advocate in obtaining DESC Maintenance, Repair and Environmental (MRE) $ and DLA Military Construction (MILCON) $ for Naval fuel terminals
- Without NOLSC Petroleum support, Naval fuel locations would lose millions of MRE $ and MILCON $ each year
  - *MRE: 1986 to present: $880,000,000*
  - *MILCON: 1996 to present: $250,000,000*
- NOLSC Petroleum engineers also provide specialized petroleum technical support and guidance not available elsewhere in the Navy

MRE Projects

"Provides all support necessary to shape our bases' petroleum infrastructure to meet the precise requirements of the warfighter"

- **Actively pursues DLA funding to support aggressive maintenance programs**
  - **to extend useful life of Naval fuel facilities and equipment**
  - **to provide a safe operational environment for fuel personnel**
- **Serves as a DON advocate for MILCON projects sponsored by DLA**

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Naval Fuel Facility Engineering MILCON Stakeholders

DLA: IMM (1992) designated **funding agent** for DoD Fuel Facility MILCON (DLA-DSS-IM)

NOLSC Petroleum: Serves as DoN advocate for fuel facility MILCON projects funded by DLA including project prioritization/validation/overall coordination

NAVFAC EFD's: Design Agent/Contract Oversight for design and construction of DoD Fuel Facility MILCON projects (LANTDIV/EFAMED)

User Representation:

Region Representatives: ex: **CNRE**, CNRMA, CNRSW

Major Claimants ex: **CNE(CFM)**; CPF(CNAP); CLF

CNE Fuel Activities: NS Rota; NSA Souda Bay, NASSIG, NAS Kef

- ***PWD (Fuel Facility "engineering")***
- ***Fuel Dept (Fuel Facility "operations")***

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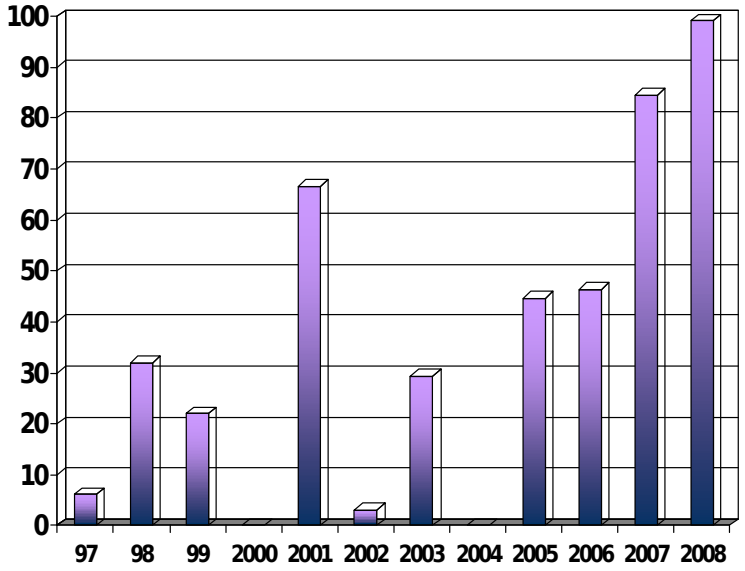
Naval Fuel Facilities
DLA MILCON Funding

LOCATION	PROJECT
FY03	
➢ **NAVSTA ROTA SP**	**CONSTRUCT AIRCRAFT HYDRANT SYSTEM**
• NAS NEW ORLEANS LA	REPLACE JET FUEL TANKS
• COMNAVMARIANAS GUAM	INSTALL MARINE LOADING ARMS
FY05	
• FISC PEARL HARBOR HI	CONSTRUCT REFINERY INTERFACE TANK
• MCAS CHERRY POINT NC	REPLACE AIRCRAFT HYDRANT SYSTEM
• NAS KINGSVILLE TX	CONSTRUCT JET FUEL FACILITY
• NAS OCEANA VA	CONSTRUCT JET FUEL TANK
FY06	
• NAS WHIDBEY ISLAND CA	CONSTRUCT CONSOLIDATED JET FUEL FACILITY
• MCAS YUMA AZ	CONSTRUCT AIRCRAFT HYDRANT SYSTEM (R)
• MCAS MIRAMAR CA	CONSTRUCT JET FUEL TANKS
• FISC NORFOLK VA	REPLACE LUBE OIL TANKS
➢ **NSA SOUDA BAY GR**	**REPLACE JP-5 PIPELINE**
FY07	
• FISC NORFOLK VA	REPLACE 7 AST TANKS
• FISC SAN DIEGO CA	REPLACE JP-5 & F-76 TANKS
• MCAS YUMA AZ	CONSTRUCT AIRCRAFT HYDRANT SYSTEM (F)
FY08	
➢ **NSA SOUDA BAY GR**	**CONSTRUCT JP-5 JET FUEL TANKS**
• FISC JACKSONVILLE FL	REPLACE JP-5 & F-76 TANKS (2 projects)
• NAF EL CENTRO CA	CONSTRUCT AIRCRAFT HYDRANT SYSTEM
➢ **NASSIG**	**CONSTRUCT AIRCRAFT HYDRANT SYSTEM**
• NSF DGAR	CONSTRUCT MARINE DIESEL FUEL TANK
• FISC PH	REPLACE POL PIPELINE
• NAS WI	REPLACE POL PIPELINE

FY97 – 08 MILCON Funding
DoD Fuel MILCON (DLA)
($ M)



DLA funding includes both design and construct

DoD Fuel MILCON Phases

- Installation Planning Review Board (IPRB) Ph
- Pre-Design Phase
- Design Phase
- Construction Phase

FY08
NSA Souda Bay
FISC JAX
NAF El Centro
NASSIG*
FISC PH
NS Diego Garcia
NAS WI

FY07
FISC San Diego
FISC Norfolk
MCAS Yuma*

FY06
NSA Souda Bay
FISC-Norfolk
NAS WI
MCAS Miramar
MCAS Yuma*

FY05
FISC PH
MCAS CP
NAS Kingsville
NAS Oceana

FY03
NAS NOLA
NAVSTA Rota
CNM Guam

FY97/01 NASSIG
FY98 FISC-Norfolk, NAS-JAX
FY99 FISC-JAX, NAS Mayport
FY01 NAS NI, NAS Fallon, NAS Pax Riv
FY01 MCCGS 29 Palms, MCAS CP
FY01 MCAS Iwakuni, NAS Oceana

IPRB Results

Pre Design Phase
Documenting
Validating

Design Phase

Construction Phase

Post Construction

*Companion Navy MCON project req'd

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DoD Fuel MILCON FY08 Schedule

FY08 **DATA CALL** Jun 03 **(FY09 – Jun 04)**
1391'S/COMMAND PRIORITIES DUE Oct 03
FY08 IPRB Nov 03
PUBLISH FY08 IPRB RESULTS Dec 03
FY08 DOCUMENTATION DUE TO DLA **Feb 05 (FY07 - Due NOW)**
DLA PROJECT DOCUMENT VERIFICATION Mar 05 to Aug 05
DLA DIRECTOR APPROVAL TO DESIGN Oct 05
DLA DIRECTOR PROGRAM APPROVAL Jul 06
SUBMIT BUDGET TO OSD Sep 06
PRESIDENT'S BUDGET TO CONGRESS Jan 07
COMPLETE DESIGN Jan 07 to Sep 07
OBTAIN FUNDS Oct 07
AWARD CONSTRUCTION CONTRACTS Feb 08

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DoD Fuel MILCON Navy Issues

- ***Issue #1: Regions as Navy Fuel Facilities' Funding Sponsor for Documentation Preparation?***
  - **DLA MILCON $ will not pay for initial 1391 development (pre-IPRB)**
  - **DLA MILCON $ will not pay for required DLA MILCON documentation preparation incl Site Characterization Study**
- ***Issue #2: Naval Sponsor for any required remediation associated with a DoD Fuel Facility MILCON project?***
  - **DLA MILCON $ will not pay for remediation of contaminated soil (DLA MILCON funding pays for initial testing and "short haul")**
    - ***DLA requires Base "Commitment to Clean" Letters***

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Fuel Management Division

- Naval Fuel Requirements
- Fleet Support
- FEA/RIK Coordination
- IMP Planning
- Operations planning for Fleet Exercises, Operations, Contingencies
- Alongside Aircraft Refueling Contracting
- Serves as Naval interface between DESC and DESC-funded FISCs/NASs

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Fuel Management Division

- Alongside aircraft refueling contract program management at 23 Navy/Marine Corps locations.
- Air Card database management and billing resolution
- Fuel requirements for Steaming Hour and Flying Hour program

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Fuel Management Division

- A76 and optimization studies at Navy/Marine Corps activities
- Tech assistance to Navy & Marine Corps activities and customers
- Customer support to deployed units during ops and exercises

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Direct Delivery Fuels

AIRCard/Fleet Card Programs

- Site Specific Arrangements In Place.
- Ease Of Use.

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Fuel Exchange Agreements

MOA Between

OPNAV/DESC/DFAS

ARGENTINA
AUSTRALIA
CANADA
CHILE
ECUADOR
FRANCE
INDONESIA
JAPAN
KOREA
PAKISTAN
PERU
UK
TURKEY

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NAVSUP Transformation

CNO Vision

Joint/ Operational Approach

Impact to Naval Fuels Community

Summary

- NOLSC Petroleum with its small, highly trained staff, provides Navy and Marine Corps customers one touch logistical and technical solutions for all petroleum related issues
- A very specialized staff is required to address the technical and logistical problems associated with the procurement, distribution and storage of petroleum products

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Questions ?